

Opening Statement
Rep. Ed Royce (CA-40)
"Mutual Funds: Who's Looking Out for Investors?"
4 November 2003

Chairman Baker, thank you for holding this timely hearing on oversight of the mutual fund industry. I would also like to thank our distinguished witnesses for appearing today -- and I look forward to their testimony.

Since this summer, officials from New York, Massachusetts, and the SEC have unearthed a number of alarming "market timing" activities within the fund industry. I encourage investigators and prosecutors to vigorously pursue those who have betrayed investors. I also sincerely believe we should use these revelations as an opportunity to improve the fund industry going forward. I hope all parties involved will work together in a way that punishes the wrongdoers, corrects inadequacies in regulations, and results in a better climate for America's investing public.

To this end, I am encouraged to see that there are a number of proposals being put forward by both interested and disinterested parties. In particular, I am pleased to see that both the SEC and the Investment Company Institute ("ICI") are looking at specific actions that can be taken such as (1) requiring all trading orders to be received by 4:00; (2) devising a mandatory redemption fee for "IN and OUT" investors; (3) exploring fair-value pricing mechanisms; and (4) improving compliance procedures at fund companies. In my view, the largest burden must fall on the fund industry itself to create better, more effective compliance policies.

Once again, I thank Chairman Baker for having this hearing today. It is of great importance that this committee remains vigilant in ensuring that the investor marketplace is fair and transparent. I look forward to working with my colleagues on this issue. I yield back.